

Message Text

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C O N F I D E N T I A L PANAMA 1309

STADIS/EXDIS////////////////////////////////

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSADOR

EO 11652: GDS
TAGS: PN, US, CU, EAID, PFOR
SUBJ: CUBA TRADE: PROPOSED APPROACH TO GOP

REF: (A) STATE 29161 (B) STATE 47211

1. I HAVE HELD UP MAKING DEMARCHE TO SEEK GOP ASSURANCES THAT NO FURTHER SHIPMENTS TO CUBA ARE CONTEMPLATED ON PANAMANIAN REGISTRY VESSELS (REF A) PENDING RECEIPT OF ADDITIONAL BACKGROUND INFORMATION REGARDING PRACTICE OF OTHER COUNTRIES ENGAGED IN CUBAN TRADE UNDER "FLAGS OF CONVENIENCE." LATTER HAS NOW BEEN RECEIVED (REF B). ANOTHER REASON FOR PUTTING OFF APPROACH IS BASED ON OUR ASSESSMENT THAT UNLESS IT IS MADE AT HIGHEST LEVEL, I.E., FONMIN TACK OR POSSIBLY GENERAL TORRIJOS, IT WOULD ONLY ELICIT REPLY THAT GOP RECOGNITION OF CUBA CERTAINLY CARRIES WITH IT INCREASED COMMERCIAL AS WELL AS POLITICAL TIES AND, AS A RESULT, CLOSER TRANSPORTATION LINKS, EXPECIALLY NOW THAT AIR AGREEMENT HAS BEEN CONCLUDED BETWEEN THE TWO COUNTRIES.

2. EVEN SO, I HAVE NOT BEEN SANGUINE THAT SUCH AN APPROACH TO TACK WOULD BE SUCCESSFUL, GIVEN HIS PERSONAL ROLE IN RE-ESTABLISHMENT RELATIONS WITH CUBA, HIS EMOTIONAL INVOLVEMENT WITH SUBJECT, AND MANNER IN WHICH HE SUBSEQUENTLY DISTORTED TO OTHER GOVERNMENTS FACTS
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SURROUNDING MY DEMARCHES TO HIM JUST PRIOR TO GOP

RECOGNITION LAST AUGUST. IN ANY CASE TACK HAS BEEN EITHER INVOLVED IN TREATY-RELATED MATTERS OR TRAVELING OUTSIDE COUNTRY IN CONNECTION WITH FORTHCOMING SUMMIT MEETING HERE.

3. NOTWITHSTANDING ASSUMPTIONS CONTAINED REF B, OUR EXAMINATION OF LOCAL SITUATION INDICATES THAT IN PRACTICE GOP HAS ONLY LIMITED CAPABILITY OF KNOWING WHEREABOUTS, LET ALONE CONTROLLING MOVEMENT, OF SHIPS UNDER ITS REGISTRY. MAIN PANAMANIAN INTEREST IN OFFERING ITS FLAG APPEARS TO BE REVENUE DERIVING FROM REGISTRATION FEES, ALTHOUGH THERE IS ALSO PROPOSAL TO REQUIRE MINIMUM OF 50 PERCENT PANAMANSVN PERSONNEL ON BOARD ITS REGISTERED VESSELS (COMPARED TO EXISTING 10 PERCENT REQUIREMENT). IN ADDITION WE WONDER WHETHER GOP, HAVING DISREGARDED ITS RIO TREATY OBLIGATIONS BY RECOGNIZING CUBA, IN FACT STILL CONSIDERS ITSELF COMMITTED TO PROHIBITING ITS FLAG VESSELS FROM TRADING WITH CUBA. WITH REGARD TO NON-DISCRIMINATORY APPLICATION OF FAA SECTION 620 (A) (3), WE NOTICE FROM LIMITED DATA AVAILABLE HERE THAT BOTH CYPRUS AND LIBERIA HAVE CONTINUED TO RECEIVE ECONOMIC ASSISTANCE IN RECENT YEARS.

4. IN MY OPINION, HOWEVER, NEWEST ELEMENT TO ENTER INTO CONSIDERATION OF THIS MATTER IS SECRETARY'S HOUSTON SPEECH IN WHICH SUBJECT OF LATIN AMERICAN TRADE WITH CUBA IS SPECIFICALLY ADDRESSED. ONLY THAT PORTION OF SPEECH ON CANAL TREATY RECEIVED MORE ATTENTION LOCALLY. BOTH SECRETARY AND YOU HAVE STATED PUBLICLY THAT YOU WILL BE CONSULTING ON LA INITIATIVES FOR LIFTING SANCTIONS DURING YOUR FORTHCOMING TRIPS AND IT SEEMS LIKELY THAT MATTER WILL BE CONSIDERED AT FORTHCOMING OASGA. THEREFORE IT SEEMS INCONSISTENT TO INSIST AT THIS TIME ON PANAMANIAN ASSURANCES THAT IT WILL CONTINUE SANCTIONS IT HAS ALREADY DISAVOWED AND WHICH IN ALL PROBABILITY ARE ABOUT TO BE RESCINDED.

5. FINALLY, AND MOST IMPORTANTLY, I AM DEEPLY CONCERNED LEST A DEMARCHE ON THE SUBJECT OF CUBAN SHIPPING SERIOUSLY AFFECT OUR TREATY NEGOTIATIONS WHICH HAVE REACHED A CONFIDENTIAL

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CRITICAL JUNCTURE. TO INTRODUCE THIS HIGHLY EMOTIONAL SUBJECT IN AN ATMOSPHERE ALREADY TENSE BECAUSE OF THE DIFFICULTY OF THE STILL UNRESOLVED ISSUES AND CHARGED BY SUCH OTHER RECENT NEGATIVE DEVELOPMENTS AS THE THURMOND-MCCLELLAN RESOLUTION IN THE SENATE COULD SPARK A REACTION FROM GOP WHICH WOULD TRULY AFFECT ADVERSELY OUR GREATER NATIONAL INTERESTS. ACCORDINGLY, IF THERE REALLY ARE STRONG REASONS WHICH IMPEL THE USG TO SEEK

APPROPRIATE ASSURANCES FROM GOP AT THIS TIME (AND THE
THRUST IN CONGRESS APPEARS TO BE IN THE OPPOSITE
DIRECTION) I RECOMMEND THAT WE SEEK FORTHWITH THE WAIVER NOW
AVAILABLE UNDER FAA SECTION 664.

6. I WOULD APPRECIATE YOUR COMMENTS ON ABOVE AND
CONFIRMATION OF MY INSTRUCTIONS BEFORE ATTEMPTING A DEMARCHE.
JORDEN

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